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ALABAMA Business & ECONOMIC INDICATORS

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Good Jobs versus Bad Jobs

In the debate over job growth in Alabama, there is a tendency to measure all jobs as if they were identical. Critics counter by arguing there are "good jobs" (i.e. manufacturing) and "bad jobs" (i.e., services and retail trade) and thus all jobs should not be treated equally. However, categorizing jobs as good or bad by the sector in which they reside can be as misleading as counting all jobs as economically equivalent.

Between 1986 and 1987, the two latest years for which detailed data are available, 35,291 jobs were added to private sector payrolls in the state, an increase of three percent over the previous year. The 1987 average payroll of all these workers equaled $17,306, a four percent increase over 1986. After adjusting for inflation in 1987, however, the real increase in payrolls amounted to only 0.3 percent.

Of the 35,291 net additional jobs added to the economy in 1987, only 10.5 percent were in the manufacturing sector, the sector often considered the "good job" sector. While the 1987 *average* manufacturing sector payroll of $20,446 was $3,140 (18.1 percent) above the average for all private sector jobs in Alabama, the relatively few manufacturing jobs contributed little to raising the average payroll in the State.

The sector accounting for the largest share of job growth over this period was the service sector, accounting for 42.9 percent of the total number of net jobs added in the State. The average payroll in the service sector was $15,396, which was $1,910 (or 11 percent) below the State's average wage rate. The sector creating the second largest share of the State's job growth was the retail trade sector, accounting for 40.4 percent of all jobs added. The average wage in this sector was $10,036, which was $7,270 (42 percent) below the State average.

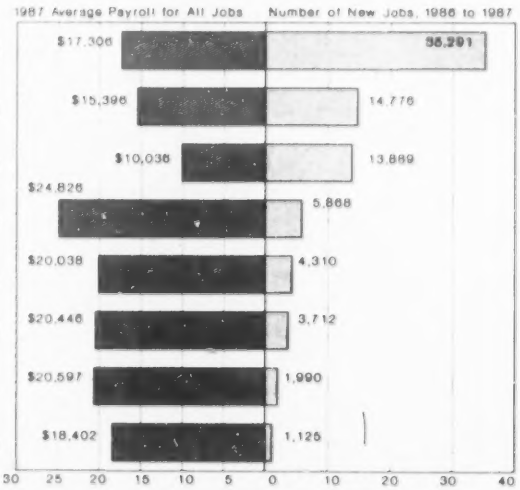
On the surface it would appear that the good job/bad job classification has some merit. Manufacturing jobs clearly have a higher average payroll than service sector or retail trade sector jobs. However, additional investigation reveals some interesting facts about the manufacturing versus service sector debate.

While the manufacturing sector had a 1987 *average* payroll of $20,446, there were 68,810 jobs in the manufacturing sector whose average payroll was below the average of the service sector ($15,396), and an additional 86,181 jobs with an average payroll less than the Alabama average for all private sector jobs ($17,306). That means that 154,991 manufacturing jobs, or 45 percent of the total, paid less than the average payroll in the State.

Nine and a half percent (25,035) of all the jobs in the service sector had an average payroll greater than that of the manufacturing sector's $20,446, even though the service sector average is only $15,396. There were 110,944 service sector jobs (or 41.7 percent of all service sector jobs) that had payrolls above the state average of $17,306.

If the state's average payroll is to rise, allowing for a higher standard of living, new jobs must be added which have an average payroll above the existing state average. The suggestion that only manufacturing jobs can achieve this goal is misleading.

Alabama Payroll and New Jobs



Source: Bureau of The Census
County Business Patterns, 1987

William D. Gunther

The University of Alabama

	TAXABLE RETAIL SALES (In thousands of current dollars)				LABOR FORCE		
	Nov 1989	Oct 1989	Oct 1988	Percent Change Oct 89-Oct 88	Civilian Labor Force Nov 1989	Unemployment Rate Nov 89	Oct 89
Alabama, State of	2,189,050	1,926,475	1,908,612	0.9	1,902,700	6.5	6.4
MSAs							
Anniston	56,946	51,341	52,089	-1.4	53,770	6.2	6.1
Birmingham	525,527	471,987	456,214	3.5	450,050	5.3	5.2
Decatur	57,591	53,742	56,800	-5.4	62,540	7.4	7.2
Dothan	74,042	66,476	58,991	12.7	61,210	5.7	5.1
Florence	77,187	75,322	65,309	15.3	62,220	7.5	7.1
Gadsden	47,258	43,443	44,706	-2.8	43,600	9.2	9.0
Huntsville	146,083	127,333	110,050	15.7	139,840	4.6	4.8
Mobile	244,116	210,592	183,339	14.9	210,930	7.2	7.4
Montgomery	206,744	165,190	144,544	14.3	137,720	5.6	5.8
Tuscaloosa	76,487	66,656	63,326	5.3	74,090	4.8	4.2
Counties							
Autauga	14,804	13,540	9,853	37.4	16,350	6.8	7.1
Baldwin	40,609	37,619	27,878	34.9	40,360	6.6	6.6
Barbour	9,197	7,309	6,844	6.8	12,310	6.4	6.1
Bibb	3,878	3,544	4,653	-23.8	7,040	11.4	9.0
Blount	9,348	8,995	10,085	-10.8	16,970	5.8	5.2
Bullock	2,238	1,738	1,941	-10.5	4,180	12.7	12.4
Butler	5,226	4,531	4,667	-2.9	8,420	12.1	14.3
Calhoun	56,946	51,341	52,089	-1.4	50,950	6.4	6.3
Chambers	11,816	10,644	10,166	4.7	16,590	5.1	4.9
Cherokee	6,512	5,457	4,552	19.9	8,400	8.1	7.6
Chilton	10,318	9,652	11,112	-13.1	15,160	9.3	9.6
Choctaw	3,196	3,131	3,034	3.2	6,780	14.3	11.6
Clarke	9,082	8,458	8,297	1.9	11,180	7.3	7.1
Clay	3,141	2,836	2,603	9.0	6,490	5.7	5.8
Cleburne	2,428	2,427	2,302	5.4	5,410	5.4	5.1
Coffee	15,839	14,751	17,346	-15.0	18,040	5.2	5.4
Colbert	30,295	29,467	26,715	10.3	24,240	8.8	8.3
Conecuh	2,860	2,595	2,533	2.5	5,590	9.1	9.3
Coosa	1,065	994	1,488	-33.2	5,110	6.1	5.4
Covington	16,114	15,241	11,468	32.9	16,890	6.5	6.6
Crenshaw	3,984	3,381	3,358	0.7	6,640	6.3	6.9
Cullman	27,474	26,315	21,720	21.2	33,020	6.7	5.9
Dale	13,469	12,904	10,250	25.9	15,370	7.4	6.8
Dallas	18,086	15,592	18,146	-14.1	19,970	12.3	11.8
De Kalb	20,321	18,425	18,392	0.2	30,620	6.4	5.4
Elmore	13,246	12,248	8,826	38.8	22,110	5.0	5.0
Escambia	11,359	9,813	10,578	-7.2	15,580	8.8	8.8
Etowah	47,258	43,443	44,706	-2.8	42,670	9.2	9.1
Fayette	5,736	4,931	5,191	-5.0	7,850	7.8	7.9
Franklin	9,970	8,842	9,461	-6.5	14,140	10.3	10.1
Geneva	5,202	4,557	11,415	-60.1	11,040	5.5	5.5
Greene	2,096	1,827	1,642	11.3	3,550	9.8	9.8
Hale	3,084	2,729	2,415	13.0	6,230	7.1	6.7
Henry	4,228	3,580	3,970	-9.8	7,130	4.7	5.5
Houston	60,573	53,572	48,741	9.9	40,860	4.9	4.5
Jackson	16,653	15,631	14,546	7.5	20,550	8.8	9.1
Jefferson	433,851	383,964	373,328	2.8	331,870	4.9	4.9
Lamar	3,538	3,024	2,847	6.2	8,400	7.7	8.1
Lauderdale	46,892	45,855	38,594	18.8	37,520	6.5	6.3
Lawrence	6,682	6,166	5,718	7.8	12,800	10.1	9.6
Lee	43,327	38,283	38,828	-1.4	41,830	4.2	3.8
Limestone	19,065	17,275	15,721	9.9	31,400	6.2	5.2
Lowndes	2,506	1,979	1,845	7.3	6,300	10.9	10.7
Macon	4,937	5,030	3,502	43.6	9,970	6.0	6.4
Madison	146,083	127,333	110,050	15.7	133,630	4.6	5.0
Marengo	8,318	7,611	7,203	5.7	9,760	7.0	6.8
Marion	11,010	10,008	9,822	1.9	14,940	13.5	13.3
Marshall	40,230	38,932	37,279	4.4	37,920	7.6	6.3
Mobile	203,507	172,973	155,461	11.3	169,080	7.2	7.6
Monroe	9,808	9,567	6,805	40.6	10,190	10.3	10.5
Montgomery	178,694	139,402	125,865	10.8	100,200	5.4	5.7
Morgan	50,909	47,576	51,082	-6.9	48,090	6.8	6.7
Perry	2,569	2,136	1,738	22.9	5,510	16.7	13.7
Pickens	4,906	4,920	3,453	42.5	7,230	9.9	10.1
Pike	11,464	10,770	9,346	15.2	12,390	5.3	5.4
Randolph	6,146	5,729	4,694	22.0	8,990	7.1	7.6
Russell	13,308	12,690	10,544	20.4	22,440	5.5	5.0
St. Clair	11,777	11,649	11,647	0.0	22,010	5.5	5.5
Shelby	36,557	35,462	29,946	18.4	43,290	3.9	4.0
Sumter	3,292	3,109	2,991	3.9	6,000	8.9	8.6
Talladega	31,630	27,535	24,830	10.9	32,340	9.1	9.1
Tallapoosa	12,761	11,076	12,760	-13.2	18,510	5.1	5.5
Tuscaloosa	76,487	66,656	63,326	5.3	72,980	4.8	4.3
Walker	33,994	31,917	31,208	2.3	29,520	11.2	10.6
Washington	1,981	2,011	1,650	21.9	6,320	10.9	9.5
Wilcox	2,506	2,008	1,722	16.6	4,030	12.4	12.4
Winston	8,198	8,189	7,858	4.2	10,520	10.4	10.9

SELECTED ECONOMIC INDICATORS

	Nov 1989	Oct 1989	Nov 1988	Percent Change Nov 88-Nov 89	Annual 1987	Annual 1988
Prices						
Consumer Price Index, U.S.						
All Items (1982-84 = 100)	126.1	125.9	120.5	4.6	113.6	118.3
Producer Price Index, U.S.						
All commodities (1982 = 100)	113.0	112.7	109.0	3.7	102.8	106.9
Consumer Purchasing Power						
of the Dollar	0.79	0.79	0.83	-4.4	0.88	0.85
Alabama Employment						
Total Employment (1,000)	1,809.5	1,830.0	1,769.9	2.2	1,748.0	1,751.0
Nonagricultural	1,588.9	1,592.3	1,573.8	1.0	1,507.7	1,551.3
Manufacturing	382.5	386.5	380.6	0.5	368.8	378.9
Durable goods	187.6	188.8	187.0	0.3	178.0	184.4
Nondurable goods	194.9	197.7	193.6	0.7	190.8	194.5
Nonmanufacturing	1,206.4	1,205.8	1,193.2	1.1	1,138.9	1,172.4
Mining and quarrying	11.6	11.6	11.3	2.7	11.3	11.2
Contract construction	73.8	74.8	76.5	-3.5	75.1	77.4
Trans, comm., and utilities	79.1	79.2	79.1	0.0	73.3	79.0
Wholesale trade	81.9	81.9	80.3	2.0	78.4	79.5
Retail trade	272.5	269.6	274.9	-0.9	253.3	259.9
Finance, insurance, real estate	71.6	71.7	70.8	1.1	70.5	70.2
Services and miscellaneous	298.3	298.6	290.9	2.5	276.5	286.1
Federal government	65.4	65.4	64.2	1.9	65.9	65.6
State and local government	252.2	253.0	245.2	2.9	234.7	243.3
Other Alabama Indicators						
Bituminous coal						
production (1,000 net tons)	1,813	2,097	2,393	-24.2	24,870	26,055
Natural gas production (mil cu ft)	14,419	12,882	16,141	-10.7	155,990	176,008
Crude oil and condensate						
production (1,000 barrels)	1,559	1,476	1,745	-10.7	20,621	20,597
Cotton consumption (1,000 lbs)	42,336	46,948	37,268	13.6	483,311	482,002
Pulp, paper, and paperboard						
production (1,000 net tons)	548	540	595	-7.9	6,904	6,977
Shipments by water,						
Port of Mobile (1,000 tons)	3,028	3,553	2,646	14.5	29,363	32,684
New passenger car registrations*	10,137	8,811	11,594	-12.6	140,070	133,614

	Nov 1989	Oct 1989	Oct 1988	Percent Change Oct 88-Oct 89	Annual 1987	Annual 1988
Alabama Taxable Retail Sales						
($1,000,000)						
Food	361	343	339	1.3	4,093	4,128
General merchandise	394	283	294	-3.6	2,862	3,047
Apparel	129	88	90	-3.1	853	933
Furniture, furnishings, etc.	119	91	91	0.7	977	1,035
Automotive	299	304	302	0.5	4,018	4,233
Gasoline service stations	25	24	23	0.3	286	294
Lumber and building materials	115	132	134	-1.0	1,677	1,713
Hardware and farm implements	19	21	18	16.7	228	234
Eating and drinking places	167	159	156	2.4	1,791	1,915
Drug stores	45	32	32	-2.5	391	418
Miscellaneous retail	228	149	148	0.6	1,533	1,641
Nonretail & unclassified	288	301	282	6.8	3,160	3,414
Total, all sales at retail	2,189	1,926	1,909	0.9	21,868	23,006

Notes and Sources: Civilian labor force, unemployment, and total employment are adjusted by place of residence, and total nonagricultural employment and its components are by place of work. All monthly data are adjusted to a March benchmark of the previous year. Shipments by water include both inbound and outbound shipments moving through private facilities as well as through the Alabama State Docks; excludes tonnage for military installations. Retail sales data represent sales at retail which are subject to sales tax as reported to the Alabama Department of Revenue under the definition of the Alabama Sales Tax Law. Total sales figures include taxable sales at retail by wholesalers and other nonretail firms as well as retail concerns. Sales at retail thus defined should not be confused with all sales (including nonretail sales) by retail concerns as reported in the Census of Retail Trade. Monthly sales figures are preliminary and subject to revision on a continuing basis. Sales figures for the two latest months are normally low because of late reporters. MSA and county level sales are estimated for multi-county firms using the 1985 disaggregation survey conducted by the Alabama Department of Revenue. Data estimates, thus, may not reflect current disaggregations for these firms. *Data on new passenger car registrations may not be reused in any manner without the express permission of R.L. Polk and Company.

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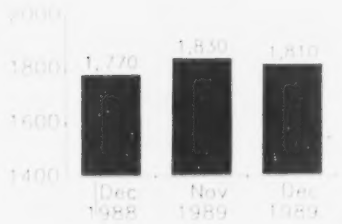
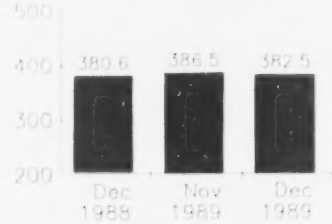
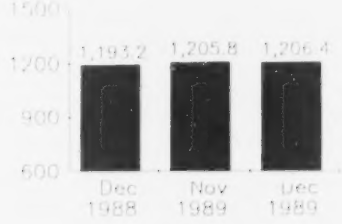
TOTAL EMPLOYMENT
(Thousands)



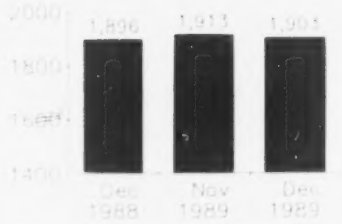
MANUFACTURING EMPLOYMENT
(Thousands)



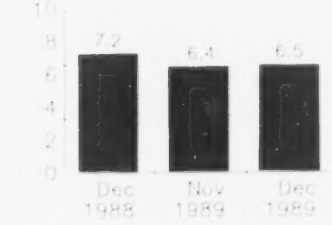
NONMANUFACTURING EMPLOYMENT
(Thousands)



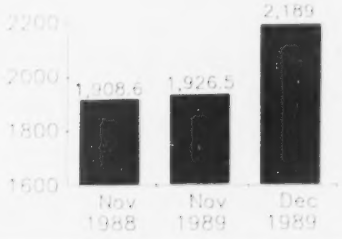
CIVILIAN LABOR FORCE
(Thousands)



UNEMPLOYMENT RATE
(Percent)



TOTAL RETAIL SALES
($ Millions)



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All correspondence should be addressed to: Editor, ***Alabama Business***, Center for Business and Economic Research, Division of Research and Service, The University of Alabama, Box 870221, Tuscaloosa, Alabama 35487-0221. Phone (205)348-6191.

Center for Business and Economic Research
The University of Alabama
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